

FISCAL NOTE

HB 2077 - SB 2949

February 7, 1998

SUMMARY OF BILL: Provides that municipal water systems serving 900 or fewer customers shall not include depreciation on assets acquired with governmental grant funds in calculations of retained earnings deficit or an operating deficit. Current law provides this language for wastewater systems, but requires water systems to include such depreciation. Any system showing a retained earnings deficit or operating deficit would be reported to the Water and Wastewater Financing Board and would be forced to take action to alleviate the deficit.

ESTIMATED FISCAL IMPACT:

MINIMAL

Since the federal government has not yet ruled on this issue, the fiscal impact, at this time, is estimated to be minimal. However, it should be noted that if the Environmental Protection Agency (EPA) requires such depreciation to be included in earnings deficit calculations, the \$1,900,000 in federal funds for the Drinking Water Revolving Loan Fund could be jeopardized because Tennessee would not be in compliance with EPA regulations.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director